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**Analysis of House Bills 4843-4, 4846 and 4848**

**Topic:** Bureau of Construction Code Fees  
**Sponsor:** Representatives Kathleen Law, Meadows, Leland, and Johnson  
**Co-Sponsors:** None  
**Committee:** House Appropriations  
No Senate Committee—General Orders

**Date Introduced:** May 24, 2007

**Date Enrolled:** December 11, 2008

**Date of Analysis:** December 10, 2008

**Position:** The Department of Labor & Economic Growth supports the bills.

**Problem/Background:** As a result of subsidizing the Fire Services with Construction Code Fund revenues from FY04 to FY06 and the decline in construction activity in Michigan, the fees supporting the Bureau of Construction Codes are no longer sufficient to support agency staff. The bureau reduced its staff by 21 positions in July, 2007 to "stretch" available and anticipated revenues, and even greater layoffs were avoided in 2008 when the Legislature appropriated revenues from another source as a temporary measure.

**Description of Bill:** The bills increase fees for licenses for plumbers, electricians, mechanical contractors, and building officials. Most of the fees in the acts are doubled from current levels. The increased fees would sunset on September 30, 2012.

**Summary of Arguments**

**Pro:** These fee bills were part of the FY2009 budget agreement. Most of these fees have not been increased since 1990 or earlier. Current fee revenues are no longer sufficient to support the Bureau of Construction Codes. The bureau laid off 17 employees in 2007, and the layoff of over 50 more employees was narrowly avoided when the Legislature appropriated corporate fees to fill the gap as a temporary measure. A fee increase is clearly needed to avoid draconian cuts to the program that would affect consumers.

**Con:** The fees have not been increased since 1990 or earlier. The proposed increase should be permanent.

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## **Fiscal/Economic Impact**

### **(a) Department**

**Budgetary:** These bills were part of the target agreements on the 2008-9 DLEG budget.

**Revenue:** The Senate Fiscal Agency estimates that Construction Code Fund revenue would increase by \$154,900 in 2008-9 and by over \$2.9 million in 2009-10.

**Comments:**

### **(b) State**

**Budgetary:** These bills were part of the target agreements on the 2008-9 budget.

**Revenue:** The bill will have no impact on other state revenues.

**Comments:**

### **(c) Local Government**

**Comments:** Most of the building officials paying increased fees under House Bill 4848 are employed by local governments.

**Other State Departments:** The State Budget Office has an interest in these bills.

**Any Other Pertinent Information:** These bills are supported by the Michigan Association of Homebuilders, the Michigan Plumbing and Mechanical Contractors Association, and other organizations representing these licensed professions.

**Administrative Rules Impact:** No new or revised administrative rules will be needed.